



February 20, 2007

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## HOUSE BILL No. 1470

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DIGEST OF HB 1470 (Updated February 14, 2007 8:47 pm - DI 114)

**Citations Affected:** IC 36-7.

**Synopsis:** Sales tax increment financing. Provides that a redevelopment commission may establish a sales tax increment financing area (area) to capture 50% of the sales and use taxes remitted by businesses that begin operating in the area after the area is established. Provides that the sales and use taxes captured by the redevelopment commission may be used to make beneficial improvements that would not otherwise be made as a result of regulatory processes or the ordinary operations of private enterprise.

**Effective:** July 1, 2007.

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**Reske, Borrer, McClain, Tyler**

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January 23, 2007, read first time and referred to Committee on Ways and Means.  
February 20, 2007, reported — Do Pass.

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HB 1470—LS 7559/DI 113+



February 20, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1470

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 36-7-14-49 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2007]: **Sec. 49. (a) Except as provided in subsection (b), a sales**  
4 **tax increment financing area designated under section 50 of this**  
5 **chapter may comprise all or part of one (1) or more of the**  
6 **following geographic areas within the redevelopment district:**

7 (1) **A circular area having a radius of one-fourth (1/4) mile**  
8 **centered on a highway interchange, at least one (1) highway**  
9 **of which is an interstate highway.**

10 (2) **An area extending outward from the perimeter of an**  
11 **airport for two thousand five hundred (2,500) feet.**

12 (3) **An area extending for five hundred (500) feet on each side**  
13 **of the center line of one (1) or more of the following systems:**

14 (A) **Recreational trails.**

15 (B) **Commuter rail lines.**

16 (4) **A circular area having a radius of one hundred (100) feet**  
17 **centered on a public or private bus stop.**

HB 1470—LS 7559/DI 113+



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(5) A parcel that includes any part of an area described in subdivisions (1) through (4).

(b) All or part of a geographic area described in subsection (a) may be included in a sales tax increment financing area designated under section 50 of this chapter only to the extent that the geographic area is not part of an area or a district in which a state gross retail or use tax increment is captured under this chapter or any other law.

SECTION 2. IC 36-7-14-50 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 50. (a) Subject to section 49 of this chapter, a redevelopment commission may, by following the procedures set forth in sections 17, 51, and 52 of this chapter, approve a plan for and designate a sales tax increment financing area.

(b) Subject to section 49 of this chapter, a redevelopment commission may, by following the procedures set forth in sections 17, 51, and 52 of this chapter, modify a plan for or the boundaries of a sales tax increment financing area.

(c) A final action taken by a redevelopment commission under section 17(d) of this chapter concerning a sales tax increment financing area is subject to judicial review in accordance with section 18 of this chapter.

SECTION 3. IC 36-7-14-51 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 51. (a) As used in this section, "improvement" means the construction, reconstruction, or repair of public ways, sidewalks, sewers, drains, fences, or buildings, and all other things that would enhance the value of real property and make it more suitable for industrial, commercial, retail, or recreational use.

(b) Whenever a redevelopment commission finds that:

(1) the public health and welfare would benefit from a plan of improvements to a proposed sales tax increment financing area; and

(2) there are significant obstacles to the development of the proposed sales tax increment financing area that cannot be corrected by regulatory processes or the ordinary operations of private enterprise without resort to this chapter;

the redevelopment commission shall have the data described in subsection (c) prepared for the proposed sales tax increment financing area.

(c) After making a finding under subsection (b), the redevelopment commission shall have the following prepared:

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(1) Maps and plats showing:

(A) the boundaries of the proposed sales tax increment financing area, the location of the various parcels of property, streets, alleys, and other features affecting the acquisition, clearance, replatting, replanning, rezoning, or improvement of the area, indicating any parcels of property to be acquired for the project; and

(B) the parts of the proposed sales tax increment financing area that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes under the proposed plan of improvements.

(2) Lists of the owners of the various parcels of property proposed to be acquired.

(3) An estimate of the cost of acquisition and improvement.

(d) After preparation of the data required by subsection (c), the redevelopment commission shall adopt a resolution declaring that:

(1) the plan of improvements to the proposed sales tax increment financing area will be of public utility and benefit; and

(2) the proposed sales tax increment financing area is designated as a sales tax increment financing area for purposes of this chapter.

The resolution must state the general boundaries of the sales tax increment financing area, and any interests in land within the boundaries of the sales tax increment financing area that the department of redevelopment proposes to acquire, if any.

(e) For the purpose of adopting a resolution under subsection (d), the resolution may describe the boundaries of the sales tax increment financing area by their location in relation to public ways or streams, or otherwise, as determined by the commissioners. Property excepted from the acquisition may be described by street numbers or location.

SECTION 4. IC 36-7-14-52 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 52. (a)** This subsection does not apply to the redevelopment commission of an excluded city described in section 1(b) of this chapter. After adoption of a resolution under section 51 of this chapter, the redevelopment commission shall submit the resolution and supporting data to the plan commission of the unit, or if there is no plan commission, then to the body charged with the duty of developing a general plan for the unit, if there is such a body. The plan commission may determine whether the resolution

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1 and the redevelopment plan conform to the plan of development  
 2 for the unit and approve or disapprove the resolution and plan  
 3 proposed. The redevelopment commission may amend or modify  
 4 the resolution and proposed plan in order to conform them to the  
 5 requirements of the plan commission. The plan commission shall  
 6 issue its written order approving or disapproving the resolution  
 7 and redevelopment plan, and may, with the consent of the  
 8 redevelopment commission, rescind or modify that order.

9 (b) This subsection does not apply to the redevelopment  
 10 commission of an excluded city described in section 1(b) of this  
 11 chapter. The redevelopment commission may not proceed with the  
 12 plan of improvements for the sales tax increment financing area  
 13 until the approving order of the plan commission is issued and  
 14 approved by the municipal legislative body or county executive.

15 (c) A redevelopment commission in an excluded city that is  
 16 exempt from the requirements of subsections (a) and (b) shall  
 17 submit the resolution and supporting data to the municipal  
 18 legislative body of the excluded city. The municipal legislative body  
 19 may:

20 (1) determine if the resolution and the plan of improvements  
 21 conform to the plan of development for the unit; and

22 (2) approve or disapprove the resolution and plan proposed.

23 SECTION 5. IC 36-7-14-53 IS ADDED TO THE INDIANA CODE  
 24 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 25 1, 2007]: Sec. 53. (a) All of the rights, powers, privileges, and  
 26 immunities that may be exercised by the redevelopment  
 27 commission in a redevelopment project area or urban renewal area  
 28 may be exercised by the commission in a sales tax increment  
 29 financing area, subject to the following:

30 (1) The content and manner of exercise of these rights,  
 31 powers, privileges, and immunities shall be determined by the  
 32 purposes and nature of a sales tax increment financing area.

33 (2) Real property (or interests in real property) relative to  
 34 which action is taken in a sales tax increment financing area  
 35 is not required to meet the conditions described in  
 36 IC 36-7-1-3.

37 (3) The special tax levied in accordance with section 27 of this  
 38 chapter may not be used to finance a plan of improvements  
 39 for a sales tax increment finance area.

40 (4) Bonds may be issued in accordance with section 25.1 of  
 41 this chapter to defray expenses of carrying out activities  
 42 under this chapter in sales tax increment financing areas.

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Principal and interest on bonds issued to finance a plan of improvements in a sales tax increment financing area must be paid from the gross retail incremental amount (as defined in section 55(b) of this chapter) for the sales tax increment financing area.

(b) The content and manner of discharge of duties set forth in section 11 of this chapter shall be determined by the purposes and nature of a sales tax increment financing area.

SECTION 6. IC 36-7-14-54 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 54. (a) After a redevelopment commission designates a sales tax increment financing area under section 50 of this chapter, a unit shall create a special revolving fund to be known as the sales tax increment financing fund to provide money for the purposes of the sales tax increment financing area. The redevelopment commission shall administer the fund. The fund consists of:

- (1) deposits of gross retail and use tax revenue under section 56 of this chapter; and
- (2) transfers of any available and unappropriated money of the unit into the fund by the unit's legislative body.

Money in the fund does not revert to the unit's general fund at the end of the unit's fiscal year.

(b) After a redevelopment commission designates a sales tax increment financing area or modifies the boundaries of a sales tax increment financing area under section 50 of this chapter, the redevelopment commission shall send a certified copy of the corresponding resolution to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

- (1) Businesses operating in the sales tax increment financing area.
- (2) The date on which each business began operating in the sales tax increment financing area.
- (3) Street names and the range of street numbers of each street in the district.
- (4) The federal tax identification number of each business in the district.
- (5) The street address of each business in the district.
- (6) The name, telephone number, and electronic mail address (if available) of a contact person for each business in the district.

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(c) The redevelopment commission shall update a list compiled under subsection (b):

(1) before July 1 of each year; or

(2) within fifteen (15) days after the date that the redevelopment commission adopts a resolution to modify the boundaries of the sales tax financing area under section 51 of this chapter.

SECTION 7. IC 36-7-14-55 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 55. (a) As used in this section, "gross retail incremental amount" for a sales tax increment financing area designated under section 50 of this chapter for a state fiscal year means:

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 during the state fiscal year by businesses that began operating in the sales tax increment financing area after the start date of the sales tax increment financing area; multiplied by

(2) fifty percent (50%).

(b) As used in this section, "start date" means the date on which a redevelopment commission adopts a resolution designating a sales tax increment financing area under section 51 of this chapter. A sales tax increment financing area whose boundaries are modified retains the original start date of the sales tax increment financing area.

(c) Before the first business day in October of each year, the department of state revenue shall calculate the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

(d) A business operating in the district shall report, in the manner and in the form prescribed by the department of state revenue, information that the department of state revenue determines necessary to calculate incremental gross retail and use taxes.

(e) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 50 of this chapter, the department of state revenue shall recalculate the gross retail incremental amount for the preceding state fiscal year for a district modified under section 50 of this chapter.

SECTION 8. IC 36-7-14-56 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 56. (a) If a redevelopment commission designates a

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1 sales tax increment financing area under this chapter, the  
 2 treasurer of state shall establish an incremental tax financing fund  
 3 for the area. The fund shall be administered by the treasurer of  
 4 state. Money in the fund does not revert to the state general fund  
 5 at the end of a state fiscal year.

6 (b) Fifty percent (50%) of the aggregate amount of state gross  
 7 retail and use taxes that are remitted under IC 6-2.5 by businesses  
 8 that begin operating in the sales tax increment financing area after  
 9 the start date (as defined in section 55(a) of this chapter) shall be  
 10 deposited during each state fiscal year in the incremental tax  
 11 financing fund established for the sales tax increment financing  
 12 area under subsection (a) until the amount of state gross retail and  
 13 use taxes deposited equals the gross retail incremental amount (as  
 14 defined in section 55(b) of this chapter) for the sales tax increment  
 15 financing area.

16 (c) On or before the twentieth day of each month, all amounts  
 17 held in the incremental tax financing fund established for a sales  
 18 tax increment financing area shall be distributed to the  
 19 redevelopment commission for deposit in the sales tax increment  
 20 financing fund established under section 54(a) of this chapter.

21 SECTION 9. IC 36-7-14-57 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 23 1, 2007]: Sec. 57. (a) A redevelopment commission shall terminate  
 24 a sales tax increment financing area under this chapter by  
 25 resolution if:

- 26 (1) the plan of improvements for the sales tax increment  
 27 financing area is completed or abandoned;
- 28 (2) there are no remaining outstanding bonds or leases for  
 29 which payments from the gross retail incremental amount (as  
 30 defined in section 55(b) of this chapter) were pledged; and
- 31 (3) all other creditors and vendors that furnished money,  
 32 goods, or services in connection with the plan of  
 33 improvements, including their successors or assigns, are paid  
 34 in full.

35 (b) A redevelopment commission that adopts a resolution under  
 36 subsection (a) shall send a certified copy of the resolution by  
 37 certified mail to:

- 38 (1) the department of state revenue; and
- 39 (2) the treasurer of state.

40 (c) Any money remaining in the sales tax increment financing  
 41 fund of a redevelopment commission on the date a resolution under  
 42 subsection (a) is adopted shall be sent to the treasurer of state for

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1      **distribution in accordance with IC 6-2.5-10-1.**

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1470, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

CRAWFORD, Chair

Committee Vote: yeas 16, nays 4.

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